

DATE: March 8, 2007

TO: CVRC Board of Directors
Redevelopment Agency Board of Directors

VIA: Jim Thomson, Interim Chief Executive Officer *JT*
Dana Smith, Secretary *DS*

FROM: Ann Hix, Acting Director of Community Development *ABH*
Maria Kachadoorian, Chief Financial Officer *MK*
Ann Moore, Agency Counsel *am*

SUBJECT: Amendments to Agreements for Professional Consulting Services
Related to the Gaylord Entertainment Project and Westside
Revitalization Activities

BACKGROUND:

On July 25, 2006, the City Council and Redevelopment Agency jointly approved a Letter of Intent ("LOI") between the City, Agency, San Diego Unified Port District, and Gaylord Entertainment Company establishing a framework and foundation for negotiations on the development of a major hotel, convention center, and retail space on the Chula Vista Bayfront. During the past seven months, City staff has been working closely with a team of professional consultants to analyze and negotiate key deal points of the development proposal, as outlined in the LOI. The consulting team includes the financial consulting firms of Harrell and Company and Economic and Planning Systems, and the law firm of Stradling, Yocca, Carlson and Rauth, LLC. Each of these

firms has extensive experience and technical expertise in municipal finance, real estate development, and redevelopment law, and has been instrumental in the City's and Agency's negotiations with the Gaylord Entertainment Company.

To facilitate ongoing negotiations with Gaylord Entertainment, staff is seeking amendments to existing agreements with Harrell and Company, Economic and Planning Systems, and Stradling, Yocca, Carlson and Rauth, LLC to amend specified sections of their scopes of work and provide additional funding for their services. Staff is recommending approval of the contractual amendments and the appropriation of \$300,000 of additional Redevelopment Agency funds to facilitate the amendments. The proposed Second Amendment to the EPS contract would also allow EPS to continue to provide consultant support to the Agency to analyze the financial feasibility of development proposals in the City's redevelopment project areas. The Second Amendment would increase the not-to-exceed amount for these redevelopment consulting services by \$50,000, which constitutes existing funds in the Redevelopment Agency budget and does not require an additional appropriation of funds.

RECOMMENDATION:

That the Chula Vista Redevelopment Corporation adopt:

Resolution of the Chula Vista Redevelopment Corporation recommending the waiver of the formal consultant selection process and the approval of the first amendment to the agreement with Harrell & Company Advisors, LLC., the waiver of the formal consultant selection process and the approval of the second amendment to the agreement with Economic and Planning Systems, Inc., and the waiver of the formal consultant selection process and the approval of the first amendment to the agreement with Stradling, Yocca, Carlson & Rauth

That the Redevelopment Agency adopt the resolutions below appropriating \$300,000 to the services and supplies category from the available balance of the Bayfront/Town Centre I fund.

1. Resolution of the Redevelopment Agency of the City of Chula Vista waiving the formal consultant selection process and approving the first amendment to the agreement with Harrell & Company Advisors, LLC. for financial consulting services, authorizing the Chair to execute the first amendment, and appropriating the necessary funds
2. Resolution of the Redevelopment Agency of the City of Chula Vista waiving the formal consultant selection process and approving the second amendment to the agreement with Economic and Planning Systems, Inc. as economic and financial advisor for the Bayfront Master Plan, authorizing the Chair to execute the second amendment, and appropriating the necessary funds
3. Resolution of the Redevelopment Agency of the City of Chula Vista waiving the formal consultant selection process and approving the first amendment to the agreement with Stradling, Yocca, Carlson & Rauth for legal services, authorizing the Chair to execute the first amendment, and appropriating the necessary funds

DISCUSSION:

Financial and Economic Consulting

An agreement with Harrell & Company Advisors, LLC and a first amendment to an agreement with Economic & Planning Systems (EPS) was approved on January 10, 2006. The agreement and amendment were approved with the intent of bringing these consulting firms under the leadership of the City's Finance

Director to gain strategic alignment on the City's financial and economic development goals for the City's Westside.

Staff is proposing amendments to existing contracts with Harrell & Company and EPS for ongoing professional services on an as-needed basis for the Redevelopment Agency for consultation on financing strategies and fiscal and economic consulting services related to new development within the Bayfront Master Plan area that includes the development proposal by Gaylord Entertainment (Gaylord) for a hotel and convention center. Services for EPS will include analysis of other development proposals throughout the Agency project areas.

Legal Services

The City entered into a Legal Services Agreement dated May 12, 2006 with Stradling, Yocca, Carlson and Rauth, LLC (SYCR). SYCR have advised, assisted, and represented City in legal matters regarding the proposed development by Gaylord in the Bayfront Master Plan Area, including negotiations with Gaylord and the San Diego Unified Port District.

The services to be performed by SYCR shall consist of any and all tasks reasonably required to advise, assist and fully represent the City and the Agency in all legal matters regarding the proposed development by Gaylord in the City's Bayfront, project negotiations with Gaylord and the San Diego Unified Port District and implementation of development plans for the larger Bayfront development project. SYCR services shall include, but are not limited to, negotiating and drafting documents including a convention center sublease, an operating agreement for the proposed convention center, a corporate guaranty, documentation related to the proposed Gaylord purchase of convention center bonds, documentation of any pay-as-you-go arrangement with Gaylord,

appropriate CC&Rs, and any and all reasonably required legal representation on behalf of the City.

DECISION MAKER CONFLICTS

Staff has reviewed the decision contemplated by this action and has determined that it is not site specific and consequently the 500 foot rule found in California Code of Regulations section 18704.2(a)(1) is not applicable to this decision.

FISCAL IMPACT:

The financial analysis, consulting services and legal services are performed for the Gaylord project that is located in the Bayfront/Town Centre I project area. Therefore the contract amendments will be funded by the Agency.

The total fiscal impact to the Agency is \$300,000 and is comprised of:

- Appropriation for Harrell and Company amendment not-to-exceed amount of \$25,000
- Appropriation for Economic and Planning Systems amendment not-to-exceed amount of \$115,000
- Appropriation for Stradling, Yocca, Carlson and Rauth amendment not-to-exceed amount of \$160,000

The total amount of the amendment for Economic and Planning Systems is \$165,000 that includes the above appropriation and \$50,000 using existing appropriations within the current year Agency budget.

ATTACHMENTS:

1. First Amendment to Agreement with Stradling, Yocca, Carlson and Rauth
2. First Amendment to Agreement with Harrell & Company

3. Second Amendment to Agreement with Economic & Planning Systems

4. January 10, 2006 Staff Report

PREPARED BY: *Phillip Davis, Assistant Director of Finance*

CVRC RESOLUTION NO. _____

RESOLUTION OF THE CHULA VISTA REDEVELOPMENT CORPORATION RECOMMENDING THE WAIVER OF THE FORMAL CONSULTANT SELECTION PROCESS AND THE APPROVAL OF THE FIRST AMENDMENT TO THE AGREEMENT WITH HARRELL & COMPANY ADVISORS, LLC., THE WAIVER OF THE FORMAL CONSULTANT SELECTION PROCESS AND THE APPROVAL OF THE SECOND AMENDMENT TO THE AGREEMENT WITH ECONOMIC AND PLANNING SYSTEMS, INC., AND THE WAIVER OF THE FORMAL CONSULTANT SELECTION PROCESS AND THE APPROVAL OF THE FIRST AMENDMENT TO THE AGREEMENT WITH STRADLING, YOCCA, CARLSON & RAUTH, AND RECOMMENDING THE APPROPRIATION OF THE NECESSARY FUNDS

WHEREAS, the Redevelopment Agency of the City of Chula Vista ("Agency") and Harrell & Company Advisors, LLC ("Harrell") entered into an Agreement dated January 10, 2006 for financial consulting services related to the development of tax increment projections and cash flow plans that address the funding of economic development projects of the Agency and the City of Chula Vista ("City"); and

WHEREAS, the Agency and Economic and Planning Systems, Inc. ("EPS") entered into an Agreement dated June 28, 2005 ("Original Agreement") where EPS agreed to provide independent economic advice in support of future dealings regarding economic and fiscal relationships among the San Diego Unified Port District ("Port"), prospective lessees of Port-controlled lands, private owners of property within the Bayfront Master Plan area, and the City; and

WHEREAS, the City and EPS entered into the First Amendment to the Original Agreement dated January 10, 2006, where EPS agreed to develop a Fiscal Impact Model to analyze the fiscal impacts of new development within the Bayfront Master Plan area; and

WHEREAS, the Agency and the City are in negotiations with Gaylord Entertainment Corporation ("Gaylord") for the proposed development of a hotel and convention center in the Bayfront Redevelopment Project Area; and

WHEREAS, the City and Stradling, Yocca, Carlson & Rauth ("Attorneys") entered into a Legal Services Agreement dated May 12, 2006 for legal advice and assistance regarding the proposed development by Gaylord; and

WHEREAS, to further the negotiations with Gaylord, staff recommends that Harrell develop tax increment projections and cash flow analysis that address the funding of the proposed Gaylord development, that EPS analyze the financial feasibility of the proposed Gaylord development using its Fiscal Impact Model and conduct a peer review on the Economic

Research Associates fiscal model and pro forma, and that the Attorneys advise and assist the Agency and the City with more detailed and complex negotiations with Gaylord; and

WHEREAS, staff recommends the Agency waive the formal consultant selection process outlined in Municipal Code section 2.56.110 because the proposed scopes of work for the amendments to the agreements for Harrell, EPS, and Attorneys are a natural extension of their on-going work for the Agency and the City, making it impractical to solicit proposals.


NOW THEREFORE, BE IT RESOLVED that the Chula Vista Redevelopment Corporation recommends the waiver of the formal consultant selection process and the approval of the First Amendment to the agreement with Harrell & Company Advisors, LLC., the waiver of the formal consultant selection process and the approval of the Second Amendment to the agreement with Economic and Planning Systems, Inc., and the waiver of the formal consultant selection process and the approval of the First Amendment to the agreement with Stradling, Yocca, Carlson & Rauth.

BE IT FURTHER RESOLVED that the Chula Vista Redevelopment Corporation recommends the appropriation of the necessary funds.

Presented by:

Approved as to form by:

Maria Kachadoorian
Director of Finance



Ann Moore
General Counsel

RDA RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF CHULA VISTA WAIVING THE FORMAL
CONSULTANT SELECTION PROCESS AND APPROVING
THE FIRST AMENDMENT TO THE AGREEMENT WITH
HARRELL & COMPANY ADVISORS, LLC. FOR FINANCIAL
CONSULTING SERVICES, AUTHORIZING THE CHAIR TO
EXECUTE THE FIRST AMENDMENT, AND
APPROPRIATING THE NECESSARY FUNDS

WHEREAS, the Redevelopment Agency of the City of Chula Vista ("Agency") and Harrell & Company Advisors, LLC ("Harrell") entered into an Agreement dated January 10, 2006 for financial consulting services related to the development of tax increment projections and cash flow plans that address the funding of economic development projects of the Agency and the City of Chula Vista ("City"); and

WHEREAS, the Agency and the City are in negotiations with Gaylord Entertainment Corporation ("Gaylord") for the proposed development of a hotel and convention center in the Bayfront Redevelopment Project Area; and

WHEREAS, staff recommends that Harrell develop tax increment projections and cash flow analysis that address the funding of the proposed Gaylord development; and

WHEREAS, staff is proposing the approval of the First Amendment to the Original Agreement expanding Harrell's scope of work and increasing the compensation to Harrell an additional \$5,000; and

WHEREAS, staff recommends the Agency waive the formal consultant selection process outlined in Municipal Code section 2.56.110 because Harrell's proposed scope of work for this First Amendment is a natural extension of its on-going work for the Agency and the City, making it impractical to solicit proposals.

NOW THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Chula Vista that it waives the formal consultant selection process outlined in Municipal Code section 2.56.110.

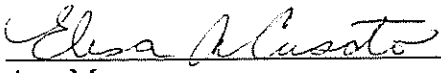
BE IT FURTHER RESOLVED by the Redevelopment Agency of the City of Chula Vista that it approves the First Amendment to the Agreement between the Redevelopment Agency of the City of Chula Vista and Harrell & Company Advisors, LLC. and authorizes the Chair to execute the First Amendment.

BE IT FURTHER RESOLVED by the Redevelopment Agency of the City of Chula Vista that it appropriates \$25,000 to the services and supplies category of the Bayfront/Town Centre I Fund from the available balance of that Fund.

Presented by:

Maria Kachadoorian
Agency Treasurer

Approved as to form by:



Ann Moore
General Counsel

**FIRST AMENDMENT TO
AGREEMENT BETWEEN
REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA AND
HARRELL & COMPANY ADVISORS, LLC**

RECITALS

WHEREAS, the Redevelopment Agency of the City of Chula Vista ("the Agency") and Harrell & Company Advisors, LLC ("Consultant") entered into an Agreement dated January 10, 2006 for financial consulting services related to the development of tax increment projections and cash flow plans that address the funding of economic development projects of the Agency and the City of Chula Vista ("City"); and

WHEREAS, the Agency and the City are in negotiations with Gaylord Entertainment Corporation ("Gaylord") for the proposed development of a hotel and convention center ("Project") in the Bayfront Redevelopment Project Area; and

WHEREAS, the Agency wishes Consultant to develop tax increment projections and cash flow analysis that address the funding of this proposed Project; and

NOW THEREFORE, the Agency and Consultant agree as follows:

AGREEMENT

1. Section 4, Term, is deleted in its entirety and replaced with the following: This Agreement shall terminate on December 31, 2007."
2. Exhibit A, Section 1, Effective Date of Agreement, is deleted in its entirety and replaced with the following: " March 8, 2007."
3. Exhibit A, Section 7, General Duties, is amended as follows: After "economic development projects", add "including the proposed Gaylord hotel and convention center project".
4. Exhibit A, Section 8, Scope of Work and Schedule, Subsection A, Detailed Scope of Work, Task 2, Ongoing Analytical Support, add the following:
 - o "In consultation with the Agency's and City's bond counsel, development of alternative financing structures that achieve the objectives of the Letter of Intent between the Agency, the City, the San Diego Unified Port District and Gaylord filed with the San Diego Unified Port District on August 3, 2006."
 - o "Analysis and response to concepts and refinements put forth by Gaylord."

- o "Development of cashflow models that demonstrate the financing structure for the proposed Gaylord hotel and convention center."

5. Exhibit A, Section 8, Scope of Work and Schedule, Subsection D, Date for Completion of all Consultant Services, is deleted in its entirety and replaced with the following: " December 31, 2007, unless extended at the sole discretion of the Agency."

6. Exhibit A, Section 11, Compensation, Subsection A (1), "\$20,000" is deleted and replaced with "\$25,000".

All other terms of the Agreement as modified by this First Amendment to the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Agency and Consultant have executed this First Amendment to the Agreement indicating that they have read and understood the provisions of the First Amendment, and indicate their full and complete consent to its terms.

Attest:

Redevelopment Agency of the City of Chula Vista

Susan Bigelow

By: _____
Cheryl Cox, Mayor

Approved as to form:

Harrell & Company Advisors

Ann Moore, City Attorney

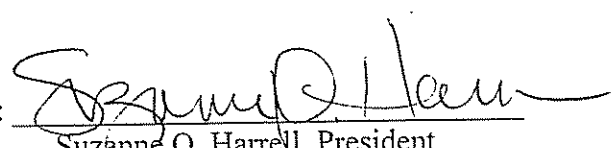
By: 
Suzanne Q. Harrell, President

Exhibit List to First Amendment:
(X) Agreement dated January 10, 2006

J:\Attorney\ELISA\AGREEMENTS\Harrell First Amendment - financial consulting.doc

RDA RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF CHULA VISTA WAIVING THE FORMAL
CONSULTANT SELECTION PROCESS AND APPROVING
THE SECOND AMENDMENT TO THE AGREEMENT WITH
ECONOMIC AND PLANNING SYSTEMS, INC. AS
ECONOMIC AND FINANCIAL ADVISOR FOR THE
BAYFRONT MASTER PLAN, AUTHORIZING THE CHAIR
TO EXECUTE THE SECOND AMENDMENT, AND
APPROPRIATING THE NECESSARY FUNDS

WHEREAS, the Redevelopment Agency of the City of Chula Vista ("City") and Economic and Planning Systems, Inc. ("EPS") entered into an Agreement dated June 28, 2005 ("Original Agreement") where EPS agreed to provide independent economic advice in support of future dealings regarding economic and fiscal relationships among the San Diego Unified Port District ("Port"), prospective lessees of Port-controlled lands, private owners of property within the Bayfront Master Plan area, and the City; and

WHEREAS, the City and EPS entered into the First Amendment to the Original Agreement dated January 10, 2006, where EPS agreed to develop a Fiscal Impact Model to analyze the fiscal impacts of new development within the Bayfront Master Plan area; and

WHEREAS, the City is in negotiations with Gaylord Entertainment Corporation ("Gaylord") for the proposed development of a hotel and convention center in the Bayfront Master Plan Area; and

WHEREAS, staff recommends that EPS analyze the financial feasibility of the proposed Gaylord development using its Fiscal Impact Model, conduct a peer review on the Economic Research Associates fiscal model and pro forma, and analyze other proposed development throughout the Agency redevelopment project areas; and

WHEREAS, staff is proposing the approval of the Second Amendment to the Original Agreement expanding EPS' scope of work and increasing the compensation to EPS an additional \$115,000; and

WHEREAS, staff recommends the Agency waive the formal consultant selection process outlined in Municipal Code section 2.56.110 because EPS' proposed scope of work for this Second Amendment is a natural extension of its on-going work for the Agency, making it impractical to solicit proposals.

NOW THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Chula Vista that it waives the formal consultant selection process outlined in Municipal Code section 2.56.110.

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BE IT FURTHER RESOLVED by the Redevelopment Agency of the City of Chula Vista that it approves the Second Amendment to the Agreement between the Redevelopment Agency of the City of Chula Vista and Economic & Planning Systems, Inc. and authorizes the Chair to execute the Second Amendment.

BE IT FURTHER RESOLVED by the Redevelopment Agency of the City of Chula Vista that it appropriates \$115,000 to the services and supplies category of the Bayfront/Town Centre I Fund from the available balance of that Fund.

Presented by:

Approved as to form by:

Maria Kachadoorian
Agency Treasurer



Ann Moore
General Counsel

**SECOND AMENDMENT TO
AGREEMENT BETWEEN
THE REDEVELOPMENT AGENCY
OF THE CITY OF CHULA VISTA AND
ECONOMIC & PLANNING SYSTEMS, INC.**

For the provision of Consulting Services consisting of economic evaluation and strategic support for the City in the matter of the Bayfront Master Plan and attendant development proposals.

This Second Amendment is entered into effective March 8, 2007 by and between the Redevelopment Agency of the City of Chula Vista ("City") and Economic & Planning Systems, Inc. ("Consultant"), with reference to the following facts:

RECITALS

WHEREAS, the City and Consultant entered into an Agreement dated June 28, 2005 ("Original Agreement") where Consultant agreed to provide independent economic advice in support of future dealings regarding economic and fiscal relationships among the San Diego Unified Port District ("Port"), prospective lessees of Port-controlled lands, private owners of property within the Bayfront Master Plan area, and the City; and

WHEREAS, the City and Consultant entered into the First Amendment to the Original Agreement dated January 10, 2006, where Consultant agreed to develop a Fiscal Impact Model to analyze the fiscal impacts of new development within the Bayfront Master Plan area; and

WHEREAS, the City is in negotiations with Gaylord Entertainment Corporation ("Gaylord") for the proposed development of a hotel and convention center ("Project") in the Bayfront Master Plan Area; and

WHEREAS, staff wants Consultant to analyze the financial feasibility of the proposed Gaylord development using its Fiscal Impact Model and conduct a peer review on the Economic Research Associates fiscal model and pro forma.

NOW THEREFORE, the City and Consultant agree as follows:

AGREEMENT

1. Exhibit A, Section 8, Scope of Work and Schedule, Subsection A, Detailed Scope of Work, Task 2, Ongoing Analytical and Negotiation Support, is deleted in its entirety and replaced with the following: "Consultant will provide ongoing analysis, strategic input and negotiation support as requested by the City for the Bayfront Master Plan and/or projects within Western Chula Vista. This work may include, but not be limited to:

- Analysis of specific marketing, financial and organizational issues related to the financing structure;
- Analysis and response to concepts and refinements put forth by the Port, Gaylord, or other stakeholder;
- Strategic and procedural advice on the proposed Gaylord development and on other prospective developer and/or prospective Port tenant negotiations;
- Fiscal and economic analyses of the proposed Gaylord development and other specific development concepts;
- Strategic and procedural advice on inter-jurisdictional financial and governance agreements; and
- Assessment and specification of fees or other project-specific funding mechanisms associated with the proposed Gaylord development and other projects.”

2. Exhibit A, Section 8, Scope of Work and Schedule, Subsection A, Detailed Scope of Work, Task 3, Development of Fiscal Impact Model, add the following after subsection 3.7:

“3.8 Consultant shall use the Fiscal Impact Model to evaluate the financial feasibility of the proposed Gaylord development under different assumptions regarding the sources and uses of funds, including Port lease revenues, developer equity, redevelopment tax increment, and other potentially available sources. Consultant shall use the Model to estimate the “gap” financing necessary for project feasibility, and to analyze alternative financing strategies under different development assumptions.”

3. Exhibit A, Section 8, Scope of Work and Schedule, Subsection A, Detailed Scope of Work, add the following after Task 3 – Development of Fiscal Impact Model, subsection 3.8:

“Task 4 - Peer Review and Incorporation of Economic Research Associates (“ERA”) Modeling Inputs.

Consultant shall conduct a peer review of the fiscal model and pro forma prepared by ERA. If the necessary information is incomplete or needs further verification or refinement, Consultant will do research and analysis to provide reliable data and assumptions for the ongoing modeling and analysis efforts.”

4. Exhibit A, Section 8, Scope of Work and Schedule, Subsection D, Date for Completion of all Consultant Services, is deleted in its entirety and replaced with the following: "December 31, 2007."

5. Exhibit A, Section 11, Compensation, Subsection C, Hourly Rate Arrangement, subsection (1), Not-to-Exceed Limitation on Time and Materials Arrangement, add the following to the end of the paragraph beginning with "Notwithstanding the expenditure by Consultant . . ." "Consultant shall perform all of the services outlined in this Second Amendment to the Original Agreement for \$165,000, including all materials, and other reimbursables. This is the maximum compensation."

All other terms of the Agreement as modified by this Second Amendment to the Original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the City and Consultant have executed this Second Amendment to the Original Agreement indicating that they have read and understood the provisions of the Second Amendment, and indicate their full and complete consent to its terms.

Attest:

The Redevelopment Agency of the City of
Chula Vista

Susan Bigelow

By: _____
Cheryl Cox, Chair

Approved as to form:

Economic & Planning Systems, Inc.

Ann Moore, Agency Counsel

By: James R. Musbach
James Musbach, Managing Principal

Exhibit List to Second Amendment:

Agreement dated June 28, 2005

First Amendment to the Original Agreement dated January 10, 2006

RDA RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF CHULA VISTA WAIVING THE FORMAL
CONSULTANT SELECTION PROCESS AND APPROVING
THE FIRST AMENDMENT TO THE AGREEMENT WITH
STRADLING, YOCOA, CARLSON & RAUTH FOR LEGAL
SERVICES, AUTHORIZING THE CHAIR TO EXECUTE THE
FIRST AMENDMENT, AND APPROPRIATING THE
NECESSARY FUNDS

WHEREAS; the City of Chula Vista and Stradling, Yocca, Carlson & Rauth ("Attorneys") entered into a Legal Services Agreement dated May 12, 2006 for legal advise and assistance regarding the proposed development by Gaylord Entertainment Corporation ("Gaylord") of a hotel and convention center in the Bayfront Master Plan Area; and

WHEREAS, the Redevelopment Agency of the City of Chula Vista ("Agency"), together with the City, is embarking on more detailed and complex negotiations with Gaylord and wishes to have Attorneys advise and assist with those further negotiations; and

WHEREAS, staff is proposing the approval of the First Amendment to the Agreement expanding Attorney's scope of work and increasing the compensation to Attorneys an additional \$160,000; and

WHEREAS, staff recommends Council and the Agency waive the formal consultant selection process outlined in Municipal Code section 2.56.110 because Attorney's proposed scope of work for this First Amendment is a natural extension of its on-going work for the Agency and the City, making it impractical to solicit proposals.

NOW THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Chula Vista that it waives the formal consultant selection process outlined in Municipal Code section 2.56.110.

BE IT FURTHER RESOLVED by the Redevelopment Agency of the City of Chula Vista that it approves the First Amendment to the Agreement between the City of Chula Vista and Stradling, Yocca, Carlson & Rauth and authorizes the Chair to execute the First Amendment.

BE IT FURTHER RESOLVED by the Redevelopment Agency of the City of Chula Vista that it appropriates \$160,000 to the services and supplies category of the Bayfront/Town Centre I Fund from the available balance of that Fund.

Presented by:



Ann Moore
Agency Counsel

Approved as to form by:



Ann Moore
Agency Counsel

**FIRST AMENDMENT TO
LEGAL SERVICES AGREEMENT BETWEEN
THE CITY OF CHULA VISTA AND
STRADLING, YOCCA, CARLSON & RAUTH**

This FIRST AMENDMENT TO LEGAL SERVICES AGREEMENT is entered into this 8th day of March 2007, by and between the City of Chula Vista ("CITY") and Stradling, Yocca, Carlson & Rauth, a professional corporation ("ATTORNEYS").

RECITALS

The following recitals are a substantive part of this First Amendment to Legal Services Agreement:

A. CITY and ATTORNEYS entered into a Legal Services Agreement dated May 12, 2006.

B. ATTORNEYS have advised, assisted, and represented CITY in legal matters regarding the proposed development by Gaylord Entertainment Corporation ("Gaylord") in the Bayfront Master Plan Area, including negotiations with Gaylord and the San Diego Unified Port District.

C. CITY, along with the Redevelopment Agency of the City of Chula Vista ("Agency"), is embarking on more detailed and complex negotiations with Gaylord and wishes to have ATTORNEYS advise and assist with those further negotiations.

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

AGREEMENT

Section 2. Services to be Provided, is deleted in its entirety and replaced with the following: "The services to be performed by ATTORNEYS shall consist of any and all tasks reasonably required to advise, assist and fully represent the CITY and the Agency in all legal matters regarding the proposed development by Gaylord Entertainment ("Gaylord") in the City's Bayfront, project negotiations with Gaylord and the San Diego Unified Port District and implementation of development plans for the larger Bayfront development project. ATTORNEY'S services shall include, but are not limited to, negotiating and drafting documents including a convention center sublease, an operating agreement for the proposed convention center, a corporate guaranty, documentation related to the proposed Gaylord purchase of convention center bonds, documentation of any pay-as-you-go arrangement with Gaylord, appropriate CC&Rs, and any and all reasonably required legal representation on behalf of the CITY."

Section 3.2, *Maximum Compensation*, is deleted in its entirety and replaced with the following: "For performance of the legal services as required pursuant to this First Amendment to Legal Services Agreement, CITY shall pay ATTORNEYS for the productive hours of time and material spent in the performance of the services, at the rates set forth above. At such time as ATTORNEYS shall have incurred time and materials equal to \$160,000, ATTORNEYS shall not be entitled to any additional compensation without further authorization issued in writing. Nothing in this Section 3.2 shall preclude ATTORNEYS from providing additional services at ATTORNEYS own cost and expense."

All other terms of the Legal Services Agreement as modified by this First Amendment to the Legal Services Agreement shall remain in full force and effect.

(NEXT PAGE IS SIGNATURE PAGE)

SIGNATURE PAGE
FIRST AMENDMENT TO LEGAL SERVICES AGREEMENT
STRADLING, YOCCA, CARLSON & RAUTH

IN WITNESS WHEREOF, these parties have executed this Agreement on the day and year shown on the first page of this Agreement.


CITY OF CHULA VISTA

STRADLING, YOCCA, CARLSON &
RAUTH, a Professional Corporation

By: _____

Jim Thomson
Interim City Manager

By: _____


Robert J. Whalen, Esq.
Vice President and Secretary

ATTEST

By: _____

Susan Bigelow
City Clerk

Approved as to Form:

By: _____

Ann Y. Moore
City Attorney

JOINT REDEVELOPMENT AGENCY/CITY COUNCIL AGENDA STATEMENT

ITEM NO.: 2MEETING DATE: 1/10/06

ITEM TITLE:	<p>RESOLUTION APPROPRIATING FUNDS FOR AN AGREEMENT WITH HARRELL & COMPANY ADVISORS, LLC TO SERVE AS FINANCIAL ADVISORS;</p> <p>RESOLUTION WAIVING THE FORMAL CONSULTANT SELECTION PROCESS AND APPROVING THE FIRST AMENDMENT TO THE AGREEMENT WITH ECONOMIC & PLANNING SYSTEMS; AUTHORIZING THE MAYOR TO EXECUTE THE AMENDMENT; AND APPROPRIATING FUNDS THEREFORE</p> <p>RESOLUTION WAIVING THE FORMAL CONSULTANT SELECTION PROCESS AND APPROVING THE FIRST AMENDMENT TO THE AGREEMENT WITH ROSENOW SPEVACEK GROUP; AUTHORIZING THE MAYOR TO EXECUTE THE AMENDMENT; AND APPROPRIATING FUNDS THEREFORE</p>
SUBMITTED BY:	<p>ASSISTANT CITY MANAGER/DIRECTOR OF COMMUNITY DEVELOPMENT <i>Paul</i></p> <p>DIRECTOR OF FINANCE / TREASURER <i>Mc</i></p>
REVIEWED BY:	CITY MANAGER, EXECUTIVE DIRECTOR <i>Il for DR</i>

4/5THS VOTE: YES ☒ NO ☐

BACKGROUND

The City of Chula Vista is entering a critical time period in which the Council will consider many interrelated financial decisions affecting Western Chula Vista. Under Council leadership, numerous significant projects are underway that demand comprehensive financial analysis and development of key strategic positions. These include the Urban Core Specific Plan and resulting public facilities financing needs, the Bayfront planning efforts, the five Exclusive Negotiating Agreements for Development in the Urban Core, the potential dismantling of the Power Plant and the overall continued efforts to revitalize Western Chula Vista. The City departments that are managing key projects are using different consulting firms each with a particular and critical expertise. This proposal brings together those consulting firms under the leadership of the City's Finance Director to gain strategic alignment on the City's financial and economic development goals for the City's Westside. In addition to the work each of these firms is

now under contract to perform, they will be asked to provide analysis of marketing, financial, and organizational direction related to the specific projects and programs now underway in Chula Vista and to provide strategic and procedural advice on inter-jurisdictional financial and governance agreements, such as Bayfront, from an integrated perspective.

Staff is proposing a new contract with Harrell & Co., and amendments to existing contracts with EPS and RSG, for ongoing professional services on an as-needed basis with the City and Redevelopment Agency for consultation on City and Redevelopment projects, financing strategies and general fiscal and economic consulting services.

RECOMMENDATIONS

That Council and the Agency:

1. Adopt the joint resolution appropriating \$10,000 from the available balance in the General Fund in fiscal year 2006, to the Finance Department, supplies and services category, and \$10,000 from the available balance of the Redevelopment Agency Merged Project Area Fund in fiscal year 2006 to the supplies and services category, for an agreement with Harrell & Company Advisors, LLC to serve as financial advisors to the City and Redevelopment Agency.
2. Adopt the joint resolution approving the first amendment to the agreement with Economic & Planning Systems, authorizing the Mayor to execute the amendment, and appropriating \$32,500 from the available balance of the General Fund in fiscal year 2006 to the Finance Department, supplies and services category, and \$32,500 from the available balance of the Redevelopment Agency Merged Project Area Fund in fiscal year 2006, to the supplies and services category.
3. Adopt the joint resolution approving the first amendment to the agreement with Rosenow Spevacek Group, authorizing the Mayor to execute the amendment, and appropriating \$50,000 from the available balance of the Redevelopment Agency Merged Project Area Fund in fiscal year 2006, to the supplies and services category.

BOARDS/COMMISSIONS RECOMMENDATIONS

Not applicable.

DISCUSSION

This team will provide the City and Redevelopment Agency expertise in real estate economics, pro forma and fiscal impact analyses and project specific advice on

redevelopment activities. Staff is recommending the following three consulting firms for this team, each with their own distinct and unique areas of expertise and scope:

- Harrell & Company Advisors, LLC ("Harrell & Co.") – Suzanne Harrell, the principal representative of Harrell & Co., has served as financial advisor on the 2000 Tax Allocation Bonds for the Redevelopment Agency and various City Certificates of Participation over the past 5 years. Ms. Harrell entered into a contract with the City on December 5, 2000, to serve as the City's financial advisor in relation to the financing of the Civic Center Project. Ms. Harrell is currently assisting in the second phase of Civic Center financing with an estimated fee of approximately \$50,000, which will be based on the final par value of the bonds. In addition, on March 22, 2005, the City Council authorized a contract with Ms. Harrell, for a fixed fee of \$10,000 to update the Redevelopment Agency's Financial Plan incorporating recent changes in the project areas and assessing potential financial impacts related to the dismantling of the power plant. Her expertise in redevelopment financing will be beneficial as various funding options are discussed.

The City's Purchasing Agent has determined that the informal consultant selection procedure should be waived, as set forth in Municipal Code Sections 2.56.110.D/2.56.090.B.2, because Consultant has satisfactorily served as financial advisor on the 2000 Tax Allocation Bonds for the Redevelopment Agency and various City Certificates of Participation over the past five years; is in the process of updating the Agency's Financial Plan; and, is familiar with the project areas and potential fiscal impacts on the City.

- Economic & Planning Systems ("EPS") - EPS is currently under contract to advise the City of Chula Vista on economic and financial issues related to the Chula Vista Bayfront Master Plan (CVBMP). This amendment would expand their role to cover other projects in Western Chula Vista as they arise. Expanding the scope to include all of Western Chula Vista would improve coordination and continuity when preparing financial analysis on the various projects.
- Rosenow Spevacek Group ("RSG") - The Redevelopment Agency currently has RSG under three separate contractual agreements for a number of redevelopment services and activities (e.g., five-year implementation plan updates, redevelopment feasibility study, Education Revenue Augmentation Fund extensions, redevelopment plan amendments, project area committee activities, etc.). This contract amendment would expand their role to cover additional project-level services and responsibilities in Western Chula Vista as they arise and would improve coordination and continuity when preparing financial analysis on the various projects.

The purpose of the proposed fiscal and economic consultant team is to provide the City and Redevelopment Agency comprehensive support and expertise that furthers the City's redevelopment and revitalization efforts in Western Chula Vista. Professional services from the three proposed firms will include:

- **Financial and Economic Strategies** (Harrell & Co., EPS, RSG)
 - Formulation of comprehensive public/private financing strategies and implementation plans
 - Tax increment projections and financing strategies
 - Strategic and procedural advice on developer solicitation, selection, and negotiations
- **Project-Level Support and Expertise** (EPS, RSG)
 - Project cash flow modeling
 - Market study and project pro forma analysis
 - Fiscal impact modeling
 - Project financing strategies and structuring
 - Project negotiation support
 - Preparation of summary reports and other required documents pursuant to California Health and Safety Code Section 33433

Harrell & Company

Harrell & Company has submitted a proposal to provide Cash Flow Planning and other financial advisory services on an "as-needed" basis. The City will pay only for productive hours authorized by and received to the satisfaction of the City. The City's Finance Director will be the project manager and, because of the dollar amount involved (\$20,000), the City's Purchasing Agent will execute the agreement.

Economic & Planning Systems

EPS has submitted a proposal to provide expertise in real estate economics, fiscal analysis, and comprehensive public/private financing strategies for development projects in Western Chula Vista. Like Harrell & Company, EPS will be providing services on an "as-needed" basis. EPS is currently providing financial consulting services related to the Chula Vista Bayfront Master Plan (CVBMP) and has committed the same project team for any additional work performed. The City's Finance Director will act as project manager for this agreement.

EPS was selected to conduct work on the Urban Core Specific Plan as the result of a competitive selection process; has performed satisfactorily; has experience in support of the CVBMP; and, has unique qualifications to provide continuity in administration of economic programs within the Western Chula Vista development area. The additional scope being proposed is a natural extension of previous work and work currently in

progress and it would be impractical to solicit formal proposals. Also, based on the Consultant's experience and expertise with fiscal and economic programs, their knowledge of the kinds of private ventures envisioned for the Bayfront and within Western Chula Vista, staff believes that the City's interest would be materially better served by waiving the consultant selection process. Staff therefore recommends that Council waive the formal consultant selection process and approve this amendment which increases the original agreement from \$44,480 to \$109,480.

Rosenow Spevacek Group

Council has previously approved agreements with RSG for a combined total of \$98,000. It is recommended that Council authorize an additional \$50,000 to ensure that work programs and activities in the Western Chula Vista Development area are in compliance with California Community Redevelopment Law. RSG has performed satisfactorily on a variety of past redevelopment plans and projects in Chula Vista, including the Bayfront/Town Centre Merged Project Area Plan, the Amended and Restated Redevelopment Plan for the Merged Project Area, the formation of Project Area Committees, and a number of Five Year Redevelopment Implementation Plans. RSG therefore possesses the background and knowledge to provide seamless support, and is also on the City's "Certified List of Economic Development & Redevelopment Consultants". As a result, the City's interest would be materially better served by waiving the consultant selection process. The additional scope being proposed is a natural extension of previous work and work currently in progress and it would be impractical to solicit formal proposals. It is therefore recommended that Council waive the formal consultant selection process and approve this amendment which increases the original agreement from \$25,000 to \$75,000. The City's Redevelopment Manager will continue as the project manager for this contract extension.

The City's Finance and Community Development Departments will jointly work with the consultant team on the above efforts and tasks, including both high-level and long-range strategic planning endeavors, and project-level support and analysis. Detailed scopes of work for each firm are contained in the attached draft agreements and amendments.

In preparation for potential financial transactions, which may involve the issuance of debt for the purpose of financing certain major capital projects related to projects in western Chula Vista, including the Bayfront, the Finance Department will subsequently assemble a financing team, through the RFP process, to assist in the structuring of the transactions. The financing team will include a financial advisor, bond counsel and underwriter.

FISCAL IMPACT

The financial analysis and consulting services performed will include both City and Redevelopment Agency projects. Therefore, the costs will be shared between the general fund and redevelopment agency.

The net fiscal impact to the General Fund in fiscal year 2006 will be \$42,500. The fiscal impact to the Redevelopment Agency Merged Project Area Fund in fiscal year 2006 will be \$92,500.

ATTACHMENTS

Attachment A – Current Agreement with Economic & Planning Systems

Attachment B – Current Agreement with Rosenow Spevacek